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FM USMISSION USUN NEW YORK
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8329
INFO RUEHXX/GENEVA IO MISSIONS COLLECTIVE PRIORITY

UNCLAS USUN NEW YORK 000512

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E.O. 12958: N/A
TAGS: [AORC](#) [KUNR](#) [UNGA](#)
SUBJECT: UN REFORM: SYG SPECIAL ADVISER GUPTA ADVOCATES
PROMPT ACTION ON MANAGEMENT REFORMS

REF: USUN 442

11. SUMMARY: The Secretary-General's Special Adviser on Management Reform Rajat Gupta told Ambassador Bolton March 9 that immediate action was needed to implement at least some of the management reform proposals outlined in the SYG's March 7 report entitled, "Investing in the United Nations: For a Stronger Organization Worldwide" (reported septel). Gupta, the Senior Partner and Managing Director of McKinsey and Company who worked closely with the SYG and other senior UN officials in preparing many of the recommendations contained in the report, said there were a number of changes the Secretary-General could implement right away without the concurrence or approval of the UN General Assembly or the Fifth Committee. Given the multiple operational and management deficiencies now undermining the efficiency and effectiveness of the UN, an organization Gupta described as "alarmingly dysfunctional," meaningful reform must be pursued vigorously and without delay. Ambassador Bolton welcomed the overall reform objectives outlined in the SYG's March 7 report, but noted detailed analysis of the report's specific proposals was necessary before formal U.S. reactions could be finalized. Noting he briefly discussed UN reform with Secretary Rice during President Bush's recent trip to India,

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Gupta said he hoped to travel to Washington in late March/early April for a follow-up meeting with the Secretary, as she had suggested, to consider the reform agenda more thoroughly. END SUMMARY.

12. Gupta said his purpose in meeting with Ambassador Bolton was to gauge U.S. reaction to the March 7 report, determine next steps in encouraging Member State support for the proposed changes, and seek guidance as to additional steps he might take to advance the reform process. Bolton agreed with Gupta's assessment that widespread reform of the UN's personnel, management and program's was essential, but he expressed skepticism concerning the prospects for quick change. He said there was too much "self-satisfaction" with the status quo and too little appreciation of the seriousness that the U.S., particularly the Congress, attached to the UN reform agenda. Bolton warned that in an era of significant federal budget deficits, there was a real possibility that Congress would not continue to authorize the same level of financial support for an organization some felt was incapable of helping the USG to achieve its policy objectives. Bolton suggested that what opponents of UN reform failed to appreciate was that a more effective and efficient UN increased the likelihood that Washington policymakers would turn more frequently to the UN to solve global problems.

13. Gupta said he had advised the SYG to proceed immediately with those reform measures outlined in the March 7 Report that did not require GA approval or authority. Gupta also indicated he had urged the SYG to expedite establishment of a small management change office in the UN to focus and

energize efforts to implement reforms. In response to Gupta's request for advice as to whom he might contact to encourage progress on the reforms, Ambassador Bolton identified India, Egypt, Pakistan, and Venezuela as those G-77 members who habitually were most outspoken on reform issues. It would be helpful if Gupta were able to convince one or more of the moderate delegations among the G-77 to speak out more forcefully in support of the reform objectives.

¶4. Acknowledging that Gupta's current focus had been on reforming the Secretariat, Ambassador Bolton noted future changes also would be needed to improve the management and operation of the UN specialized agencies. Gupta agreed, but suggested it was necessary "to put this house in order first" before attempting to institute reforms in other parts of the UN family.

¶5. Turning to the upcoming selection of a new Secretary-General, Gupta noted that he recently served on a

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panel discussion in Davos, Switzerland with a number of the leading candidates. Ambassador Bolton said "job number one" for the new Secretary-General would be to ensure the UN worked better, to implement the reforms agreed to by the time of the transition, and to press for completion of negotiations on remaining contentious reform items. As things stood now, the applicant pool of available candidates was still too narrow. All announced candidates were voicing their full support for reform, as might be expected, but the proof of their commitment only would come once they assumed office. Bolton said former SYG Boutros-Ghali began his term by making a number of key changes, such as the elimination of several Under Secretary-General and Assistant Secretary-General positions, but he was diverted by other

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issues and did not maintain the momentum he evidenced in his first few months in office. The new Secretary-General will need to pursue reforms as an ongoing process, not a one-time

event.

¶6. Noting he had met with Secretary Rice during President Bush's recent trip to India, Gupta said he planned to visit Washington in late March/early April, when he hoped to arrange another meeting with the Secretary to resume their discussion on UN reform and other issues. Gupta and Bolton agreed to remain in close contact and to continue their joint efforts to make the UN a more efficient and effective institution.

BOLTON